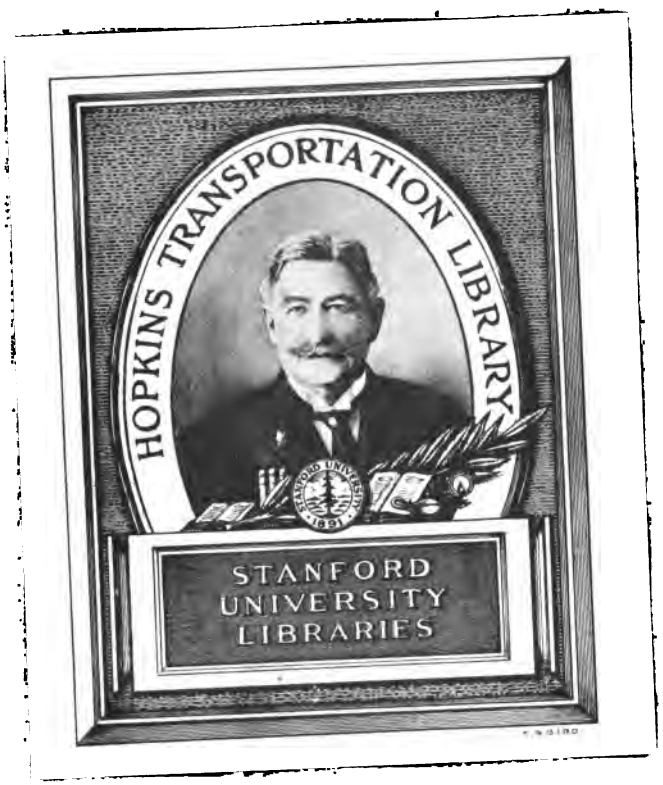
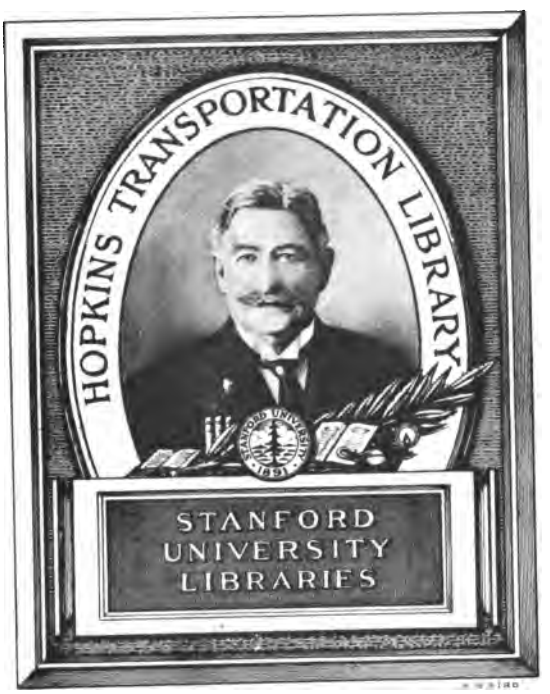
Manchester and Leeds Railway Company.
Special report of the directors... 9th
Sept. 1846


HOPKINS TRANSPORTATION LIBRARY
STANFORD
UNIVERSITY
LIBRARIES

ECIAL REPORT

OF THE


HOPKINS TRANSPORTATION LIBRARY
STANFORD
UNIVERSITY
LIBRARIES

SPECIAL REPORT

OF THE

DIRECTORS

OF THE

MANCHESTER & LEEDS RAILWAY

TO

THE SHAREHOLDERS,

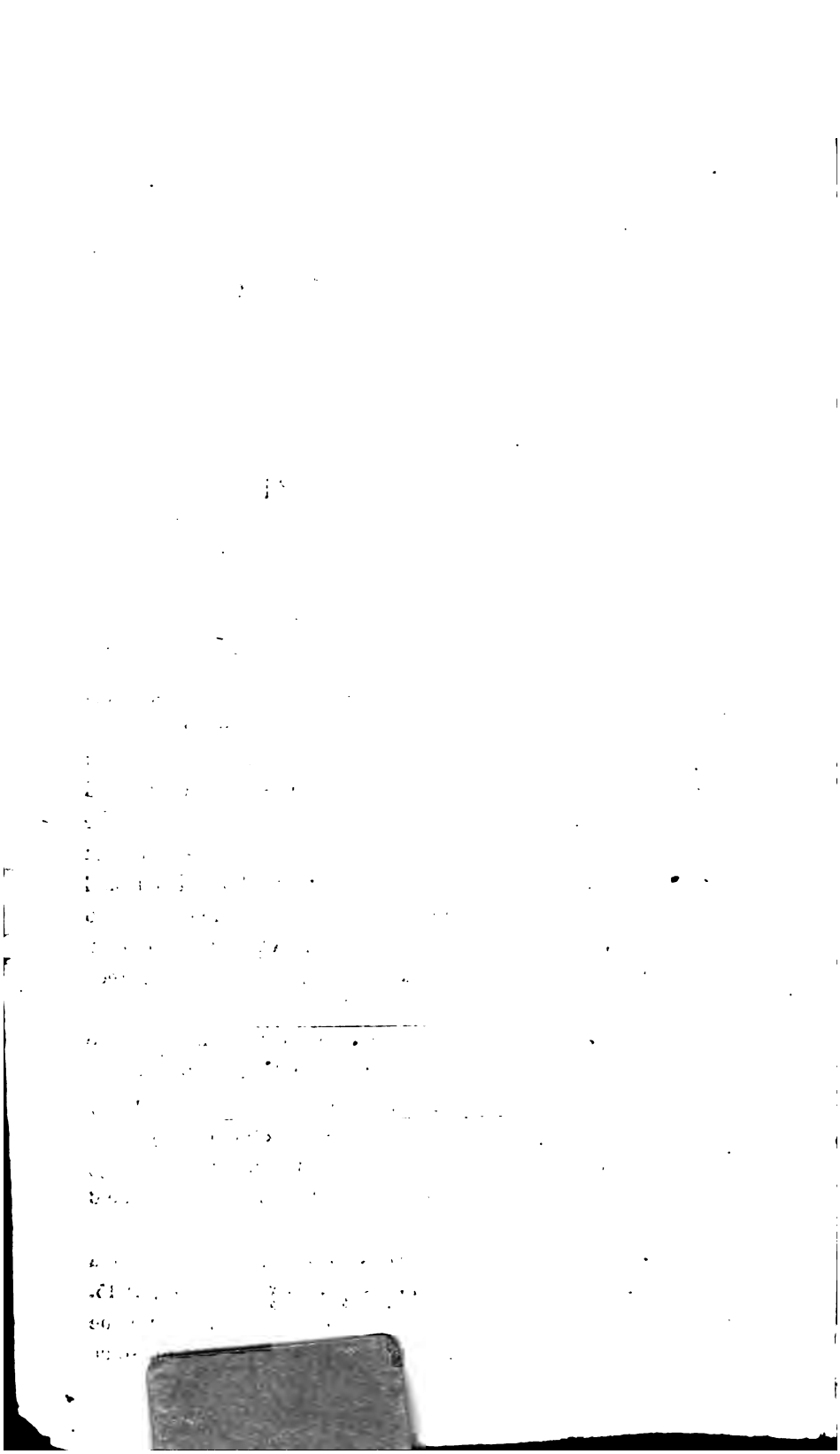
RELATIVE TO

THE LEEDS AND BRADFORD AMALGAMATION.

9th SEPTEMBER, 1846.

MANCHESTER:
PRINTED BY LOVE & BARTON, MARKET STREET.

MDCCCXLVI.



SPECIAL REPORT.

At the meeting of the 30th May last, a bill for amalgamating the Leeds and Bradford with the Manchester and Leeds Company was submitted to the proprietors, and received their assent, as it likewise did that of the Leeds and Bradford proprietors at a special meeting held for the purpose on the 11th May. The proprietors are probably already aware that this bill was withdrawn by the directors of the Leeds and Bradford Company on the eve of going into committee, and that at a subsequent meeting of that Company, held on the 24th July, a resolution was passed annulling the agreement upon which the bill was founded.

Under these circumstances your directors feel called upon to lay the whole facts of the case fully and fairly before the proprietors; and the more so, as a partial, and, in many respects, incorrect version of the facts has been already made public by the directors of the Leeds and Bradford Company, in their report to the special meeting of their proprietors held on the 24th July.

The original agreement for the amalgamation, of which a copy is subjoined, was made on the 20th of November, 1845.

The question of a union between the two companies was the subject of frequent conversation between the parties for some

weeks before the agreement was entered into. On the 8th of November last, a meeting took place in Manchester between Mr. Waddingham and Mr. Houldsworth, and other members of the Manchester and Leeds Company, when Mr. Waddingham proposed that the union should be based upon an equality of value in the two undertakings, the Leeds and Bradford shareholders to rank as Manchester and Leeds shareholders, entitled to an equal proportion of fifth shares and extension scrip, and the Leeds and Bradford line, with all its extensions and projects, to become the property of the Manchester and Leeds Company.

This offer was declined by Mr. Houldsworth, but with an intimation that the Manchester and Leeds Company might agree to grant an equal proportion of the fifths, viz.:—seventy five per cent. on the share capital, but would not give any extension scrip. No arrangement was then made; nor was any discussion on the extension scrip revived when the negociation was renewed in London, on the 20th November, with Messrs. Hudson and Waddingham, and the agreement drawn up and signed. The directors of the Manchester and Leeds Company therefore contended, when the question of scrip was subsequently raised, that, as they declined in the outset of the negociation to grant any of the extension scrip to the Leeds and Bradford Company, beyond the £375,000 necessary to make up their amount of fifth shares; and as no claim for any further scrip was either made or acceded to in the subsequent negociation, or provided for in the agreement, the demand was untenable.

The agreement provided that the price of the Leeds and Bradford Railway, "with all its extensions and projects," was to be £900,000 of Manchester and Leeds old shares, (representing the actual share capital of the Leeds and Bradford Company,) and £675,000 of Manchester and Leeds fifths, (representing, 1st, £300,000 which the Leeds and Bradford Company had power to borrow; and, 2nd, £375,000 to be

taken out of the Manchester and Leeds scrip, and converted into fifths, in order to make up to the Leeds and Bradford shareholders their proportion of fifths, viz., 75 per cent. on their share capital of £900,000.

This agreement, entered into on the 20th November, 1845, was acted upon for upwards of six months. The bill for carrying it into effect was drawn and settled by the Parliamentary agents and Solicitors of the two companies; the requisite returns of the terms of the amalgamation were made to the Board of Trade; the bill was submitted to, and approved by special meetings of both companies; and the Directors of the Manchester and Leeds Company can state with perfect sincerity, that it was with the most unaffected surprise that they received, on the 17th June, or five days before the time fixed for the committee on the bill, an intimation from Mr. Waddingham that he had given instructions to the Solicitor of the Leeds and Bradford Company to withdraw the bill.

It was felt by the Directors of the Leeds and Bradford Co. that some vindication of such a proceeding was imperative, and accordingly in their published report on the subject they base the justification of their conduct on the following grounds:

1st. That the view taken by the Manchester and Leeds Board of the terms of amalgamation is inconsistent with the original agreement; and

2nd. That before withdrawing the bill, all proper means were employed by the Leeds and Bradford Railway Company to bring about an amicable arrangement of the dispute.

The Directors of the Manchester and Leeds Company are perfectly willing to place the question upon this issue, and to leave it to the judgment of any impartial person upon a statement of the facts of the case:—

1st. Whether there was any such substantial difference in regard to the construction of the agreement remaining between the parties at the date of Mr. Waddingham's letter of the 17th Jun-

as could furnish any thing more than a *pretext*, rather than a *reason* for breaking off the amalgamation.

2nd. Whether the proper means were resorted to by the Leeds and Bradford Railway Company, before breaking off an agreement thus solemnly entered into.

With regard to the 1st point, the Directors of the Leeds and Bradford Co. now attempt to represent that there was a fundamental and highly important difference of opinion upon the construction of the agreement in regard to the right of the Leeds and Bradford Shareholders to participate in the extension scrip to be issued by the Manchester and Leeds Co. on account of the new projects of that Company before parliament, as enumerated in clause sixteen of the amalgamation bill.

The 4th article of the agreement provides that:

"All further capital required beyond that to be raised as aforesaid, to be raised by the Manchester and Leeds proprietors in common—the Leeds and Bradford proprietors being considered as such."*

And the 16th clause of the bill enacts that the Leeds and Bradford proprietors shall not be entitled to participate in so much of the following capital for the Manchester & Leeds new schemes as should be sanctioned in the first instance, viz.

The West Riding Union Railways	£604,000
The Oldham District Railways	350,000
The Sheffield, Rotherham, Barnsley, Wakefield, Huddersfield, and Goole Railway	400,000
The Liverpool, Preston, Manchester, and Southport Railway	400,000
The Lancashire and North Yorkshire Railway	200,000
The Leeds and York Railway	125,000
The proposed Extension of the Huddersfield and Sheffield Railway	350,000
The proposed Extension of the Liverpool and Bury Railway	330,000
The proposed Extension of the Wakefield, Pontefract, and Goole Railway	145,000

* See agreement, page 18.

The proposed Extensions of the Manchester and Bolton Railway	110,000
The proposed Extensions of the Manchester and Leeds Railway and Stations	400,000
The proposed Extension of the Leeds and Bradford Railway	280,000

The Leeds and Bradford directors assert in their report that the clause is altogether inconsistent with the agreement, that it makes the provision for participating in "further capital" a dead letter—and that it would enable the Manchester and Leeds Company to dilute their stock by means of new issues to their own proprietors, so as to render "the carrying out of the agreement not an amalgamation, but a purchase, with libertyto pay for it in a depreciated currency."

This is obviously not the case, inasmuch as the clause in question limits the new capital from which the Leeds and Bradford shareholders were to be excluded to the specified amounts, being the capital to be provided by the Manchester and Leeds Company for their new projects, all of which had been determined upon and appropriated to their own shareholders before the agreement of amalgamation was completed; and, certainly, with no idea of diluting the Manchester and Leeds Stock, but on the contrary, with the bonâ fide conviction that they were calculated ultimately to enhance the value of the parent line.

The expression, "capital to be raised as aforesaid," in the fourth clause of the agreement, can only indicate the capital to be given to the Leeds and Bradford shareholders for their line with its extensions, because the agreement refers to the raising of no other capital. The meaning of the clause, and its only intelligible construction, clearly is that all further capital required for the Leeds and Bradford Railway and its extensions, beyond the £900,000 and £675,000, should go into the common stock; and the stipulation was necessary to prevent the otherwise obvious construction of the agreement, that the Leeds and Bradford proprietors were not to share in

any future extensions of their line. It is admitted on all hands that the capital "so to be raised" was more than sufficient to complete the Leeds and Bradford extensions referred to in the bill, even if the amount had remained at £230,000. On what ground then can the Leeds and Bradford proprietors claim any share of this capital?

And, further, the agreement having in clauses 2 and 3 defined the proportion of fifths which the Leeds and Bradford proprietors were to have, and what amount of those fifths was to be taken out of the Manchester and Leeds scrip, it cannot admit of a doubt, that if it was intended to give them any further interest in the Manchester and Leeds scrip, a distinct provision to that effect would have been introduced into the agreement.

However, it is unnecessary to enter into any discussion as to the true construction and meaning of the agreement upon this point, inasmuch as the principle contended for by the Manchester and Leeds Company, and embodied in the 16th clause of the bill, was *fully admitted and acted upon* by the Leeds and Bradford Railway Company.

The following short statement of what actually took place in regard to the proceedings upon the bill in Parliament, will show how completely this was the case.

The draft of the amalgamation bill was prepared in January, being as is usual in such cases, very incomplete in the first instance, and containing little more than the common general clauses. The detailed clauses as to capital, &c., were subsequently discussed by the Solicitors and Parliamentary agents of the two companies. No question or difficulty was raised as to the *principle* of the excluding clause 16. The only question that arose was, as to whether or not the contemplated Leeds and Bradford Extensions, the estimated capital for which at that time amounted to £230,000, should be included in the clause; and the bill as finally revised by Mr. Darbishire, the Solicitor of the Manchester and Leeds Railway Company

with Mr. Rawson, the Solicitor of the Leeds and Bradford Company, and Mr. Pritt, the Parliamentary agent of both companies, was printed and deposited in the private bill office on the 4th February, with the whole of clause 16 entire, upon an understanding that the retention of the 'Leeds and Bradford Extensions' in the clause should be without prejudice.

Subsequently a discussion was raised as to the wording of the enacting part of the clause, it being considered desirable by Mr. Waddingham and Mr. Rawson, to place beyond doubt the intention of the parties, as expressed in clause 3 of the agreement, that the £375,000 of Manchester and Leeds fifths, given to the Leeds and Bradford shareholders, should come out of the general fund of extension scrip, and not be created in addition thereto.

This point, however, was settled by Mr. Waddingham's being satisfied with a resolution of the Manchester and Leeds board, that the £375,000 of fifths should be taken out of the extension shares, which was immediately assented to.

The only question remaining therefore was, as to the retention of the Leeds and Bradford Extensions in the 16th clause, and as, by this time, the major part of those extensions had been abandoned, and the amount of the capital embraced by the clause virtually confined to about £30,000, the actual difference between the parties was reduced to the question of the right of the Leeds and Bradford shareholders to participate in this reduced capital, their share of which would have been about £4,500.

Insignificant as this, the only remaining point of difference, had now become, the Manchester and Leeds Board did not feel disposed to concede it, inasmuch as the agreement so distinctly specified that the price paid for the Leeds and Bradford Railway was to include it "with all its extensions and projects;" and because the concession, though in itself so trifling, would carry with it a similar concession, but of much larger amount, in the case of all the other companies which had concluded

amalgamations with the Manchester and Leeds Companies.

At the same time, it never occurred to them that a difference of opinion with Mr. Waddingham upon a point so insignificant, deserved the name of a serious misunderstanding between the companies, or could by any possibility lead to a rupture of a deliberate and solemn agreement involving interests of such magnitude.

The course of proceeding, down to the latest period, tended to confirm them in this belief. Notwithstanding this difference of opinion with Mr. Waddingham, the Leeds and Bradford Company proceeded in the usual course with the requisite steps for bringing the bill before the committee.

The House of Commons having called for returns of the terms of all the proposed amalgamations between railway companies, the solicitors of the two companies communicated with each other, and with their joint parliamentary agent, as to the form of the return; and on the 9th April, Mr. Rawson wrote to Mr. Darbishire respecting the return in the following terms, which will show how little, at that date, a rupture of the amalgamation was in contemplation. Mr. Darbishire had a few days before forwarded to him a copy of the return intended to be sent in by the Manchester and Leeds Company.

AMALGAMATED BILL.

"Dear Sir,—Mr. WADDINGHAM and myself have settled the enclosed as the form of return proper for our company to make.

We have mainly adopted your form in preference to mine,—adding some words as to the arrangement with regard to our station and branch line. We shall send the return to the Board of Trade on Saturday."

The return thus sent in by the Leeds and Bradford Railway Company states the following as the terms of the amalgamation.

The Leeds and Bradford Railway, with its existing and contemplated extensions, to be incorporated with the Manchester and Leeds Railway.

The share capital of the Leeds and Bradford Company, viz. £900,000, to become Manchester and Leeds stock in £100 shares.

The mortgage debt of the Leeds and Bradford Company, viz., £300,000, to be capitalized, and to become Manchester and Leeds stock in fifth shares, and the Leeds and Bradford shareholders to receive in addition £375,000 Manchester and Leeds stock in fifth shares.

The commencement of dividends is arranged with reference to the expected periods of opening integral portions of the line.

The Leeds and Bradford shareholders to participate to the extent of £375,000 only in the new share capital to be sanctioned by parliament in the first instance, in respect of the new undertakings and extensions of the Manchester and Leeds Company, now before the legislature, all which are mentioned in the amalgamation bill.

Thus in their own return they admit that the Leeds and Bradford Railway "with its existing and contemplated extensions" is to be incorporated with the Manchester and Leeds Railway, and distinctly recognizes the principle of the sixteenth clause, as contended for by the Manchester and Leeds Company, viz:—that the Leeds and Bradford shareholders were to participate to the extent of £375,000 *only* in the new share capital, to be sanctioned by parliament in the first instance in respect of the new projects then before the legislature, and enumerated in the bill;—that £375,000 as already stated being the amount required to make up their seventy-five per cent. of fifths.

The Manchester and Leeds return referred to in Mr. Rawson's letter, states the terms of the amalgamation in the same words as the Leeds and Bradford return, with the exception of the clause referring to the new capital, which in the Manchester and Leeds return is as follows—

"The Leeds and Bradford shareholders not to participate in the new share capital, sanctioned by parliament in the first instance to the amount mentioned in the amalgamation bill, for the undertakings and extensions of the Manchester and Leeds Company, now before parliament."

Now, is it credible, that if this statement was then considered

to be incorrect by Mr. Rawson or Mr. Waddingham, Mr. Rawson's only remark upon the return would have been "We have mainly adopted your form in preference to mine."?

Finally, on the 11th May the bill as printed with the entire clause contended for by the Manchester and Leeds Company, was submitted to the special general meeting of the Leeds and Bradford Company, called for its consideration under Lord Wharncliffe's standing order, and *unanimously approved.* The directors of the Leeds and Bradford Company state in their published report, "that notice was given to Mr. Darbishire, that the whole clause 16 would be struck out of the bill about to be submitted to the special meeting of the Leeds and Bradford Company on the 11th May, and that words would be inserted to entitle the Leeds and Bradford shareholders to participate in all new issues of Manchester and Leeds stock, subject to the provisions of any previous agreement between the two companies." Mr. Darbishire distinctly denies that any such notice was ever given to him; on the contrary, he is prepared to state, that he was informed shortly after the meeting by Mr. Rawson or Mr. Waddingham, that no alteration was made, and that the bill was submitted to the meeting with the entire clause, and approved of.*

The only intimation which the Manchester and Leeds directors received previously to this meeting respecting any possibility of alteration was from Mr. Waddingham, who stated, that having told the Leeds and Bradford shareholders that they were to participate in the extensions of their own

* From the report of the meeting of the 11th May, as given in the Leeds Mercury of the 16th May, it seems that Mr. Waddingham stated to the shareholders that a question as to the amount of Extension Scrip from which they were to be excluded was still unsettled, but that he believed there would be no difficulty about it; thus again admitting the principle contended for by the Leeds Company, and showing his own feeling, though aware at the time of the determination of the Leeds Directors not to concede the point in question, that there was no serious obstacle to the completion of the amalgamation.

line; he should feel bound if any questions were asked at the meeting to state his own opinion, on that point, and that he would not answer for the result. This was stated by Mr. Waddingham, who was a member of the Manchester and Leeds Board in conversation with his colleagues; and subquently being informed that the bill had been confirmed unanimously without alteration, the Manchester and Leeds Directors naturally concluded that the whole question was finally settled.

In this belief they remained until within a very few days of the time fixed for the bill going into committee, when to their great surprise, the question was re-opened by Mr Waddingham, in such a way as to indicate a settled purpose to break off the amalgamation; and, accordingly, some members of the board stated their opinion on the subject frankly to Mr. Waddingham.

On the 16th of June Mr. Waddingham, who had for some months been acting as a director of the Manchester and Leeds Company, called in at the committee-room, and mentioned the subject to Mr. Houldsworth and Mr. Schuster, the only gentlemen present at the time, as presenting a difficulty which he could not solve. During the conversation which ensued, Mr. Houldsworth asked Mr. Waddingham, whether he was really sincere in his desire to carry forward the amalgamation, and was answered in the affirmative. Shortly afterwards, Mr. Waddingham took his leave without indicating in any way the step that followed, merely stating he did not see how the matter was to be settled, and that he would see Mr. Hudson, whom he had not yet consulted on the subject.

Next morning brought Mr. Waddingham's letter of the previous afternoon to Mr. Houldsworth, stating that he had given instructions to Mr. Rawson to withdraw the Amalgamation Bill. Although your directors, after the receipt of this letter, could entertain no doubt of the determination of the Leeds and Bradford Board to break off the amalgamation at all hazards, they thought it due to their own character

and that of the Manchester and Leeds Company, to exhaust every means in their power of averting a breach of the agreement; and accordingly Mr. Houldsworth addressed to Mr. Waddingham his letter of the 18th June, in which he offered to submit any difference of opinion as to the meaning of the agreement to a reference. Mr. Waddingham's reply of the same date peremptorily refused this offer, and rendered further correspondence impossible; and, at the same time, the directors of the Manchester and Leeds Company learned that the Leeds and Bradford Company had formed an alliance with the Midland Company.

The Directors having thus been compelled in their own justification, to state fully the circumstances connected with the case, will leave it to any impartial person to decide, whether upon the face of these transactions, there is not conclusive evidence:

1st. That the construction of the agreement contended for by the Manchester and Leeds Company is the fair and reasonable one, and that which was in the contemplation of all parties at the time.

2nd. That it was distinctly recognized by the Leeds and Bradford Company, by their approval of the bill at a public meeting, by their own return to the Board of Trade, and by the full concurrence of their own Solicitor, Parliamentary agent, and deputy Chairman in the Parliamentary proceedings on the bill.

3rd. That the only point which could be considered as remaining at all open to discussion, was of such an insignificant character, that it could never have afforded a reasonable or legitimate motive for breaking off an agreement of such importance.

4th. That even this insignificant point the Manchester and Leeds Directors were entitled to consider settled after the vote of the special meeting of the Leeds and Bradford Company approving of the bill without alteration, and in the

absence of any intimation that such approval could be considered in any degree a conditional one, and that in finally offering to submit it to a reference they carried the disposition to conciliate to its utmost limits.

Upon this last point the directors think it right to correct one or two statements in the published report of the directors of the Leeds and Bradford Company, which are not consistent with fact. It is stated, that five months having elapsed without any proposal from the Manchester and Leeds Company for a settlement of the dispute, a proposal for reference came too late when only two clear days remained before going into committee; and, also, that a reference had been previously made to Mr. Waddingham and Mr. Gill, which came to nothing, because the Manchester and Leeds Board refused to be bound by it, Mr. Gill having shewn a disposition to adopt Mr. Waddingham's views. The facts already stated show that it is entirely incorrect to say that any material point in dispute had remained open for five months.

The Manchester and Leeds board could not be expected to propose a reference upon the principle of the sixteenth clause, when that clause was distinctly adopted and recognized by the Leeds and Bradford Company, nor could they be expected to propose a reference upon the insignificant point of the £30,000 Leeds and Bradford extensions, when the clause as proposed by them had been confirmed by the Leeds and Bradford meeting.

Surely it was for the Leeds and Bradford directors if they considered the point still open, and contemplated the possibility of such a trifling matter leading to a breach of the agreement, to have formally intimated such a feeling.

As regards the alleged reference to Mr. Gill, it merely amounted to this, that having returned from the continent unacquainted with the discussions which had taken place, and consequently in favourable circumstances, to come to an un-

biased opinion upon the question, it was agreed that he and Mr. Waddingham should talk the matter over, with a view to arriving, if possible, at some understanding. The point in discussion was understood to be strictly limited to that of the share of the Leeds and Bradford Company, in the £30,000 of Leeds and Bradford extension stock, no other point remaining for discussion, and the result was, that Mr. Gill, on hearing Mr. Waddingham's arguments was impressed favourably towards the claim of the Leeds and Bradford Company; but upon reading the agreement, and hearing both sides of the question, became convinced that it was entirely unfounded.

Whether an occurrence of this nature, or whether anything that may have fallen from Mr. Houldsworth or any other individual Director, in their frequent conversations with Mr. Waddingham, while acting as a member of their board, justified the course adopted, is a question which every one conversant with the ordinary mode of proceeding in such cases, must answer in the negative. Much less can it be maintained that "All proper means were employed by the Leeds and Bradford Company, to bring about an amicable arrangement of the dispute before the withdrawing the bill." The agreement had been ratified by the two boards, and confirmed by the shareholders of the two companies, whom they represented. The question was therefore between the Boards, and it was not only an act of common courtesy, but in accordance with the every day rules of business, that when Mr. Waddingham adopted the view, that the point at issue was of sufficient importance to raise the question of cancelling the agreement, a formal communication from his Board to that effect should have been made; but no such intimation was received, either from the Board or from Mr. Waddingham. The whole proceedings suggest a foregone intention for some time previous to the 17th of June, to break off the arrangement, and it is probable other considerations than any connected with the alledged points of difference with the Man-

Chester and Leeds Company, had their influence in suggesting the course which was followed.

The Directors of the Manchester and Leeds Railway Company will leave it to the judgment of any disinterested person to say, whether it is consistent with the fair spirit of an agreement to which the Midland Company are parties, and by which they bind themselves in return for certain stipulated advantages to co-operate in carrying the amalgamation with the Manchester and Leeds Company into effect, that within *a day or two* of the amalgamation being thus broken off, an arrangement should be announced by which the Leeds and Bradford Railway becomes the property of the Midland Railway Company.

They are solicitous that the whole facts of the case should be fully known to their proprietors and to the public, but they leave to others to draw the inferences which may naturally arise.

HENRY HOULDSWORTH,
CHAIRMAN.

Memorandum of Agreement for the Amalgamation of the Leeds and Bradford Railway Company with the Manchester and Leeds Railway Company.

London, 20th November, 1844.

The Leeds and Bradford Railway, with all its extensions and projects, is to become the property of, and be amalgamated with, the Manchester and Leeds Company on the following terms:—

1st.—The share capital of the Leeds and Bradford Company, not exceeding £900,000, is to be made Manchester and Leeds stock, one Manchester and Leeds old share being given for two Bradfords, to take dividend as such from the opening of the line, and in right of the amounts from time to time expended on integral portions of line opened (the whole being completed as soon as conveniently can be done.) The shares representing such stock to be called up in proportionate amounts to that called up on the Manchester and Leeds £100 shares—*i.e.*, £41 per Bradford share—to be called up forthwith, and the remainder, *pari passu*, with the Manchester and Leeds old shares.

2nd.—The £300,000, which the Leeds and Bradford Company has power to borrow, to be converted into Manchester and Leeds fifths, to be called up in like manner as the said fifths, and to receive dividends in like manner from the opening of the line, or any part thereof, on an amount proportionate to the amounts expended on such parts of the Leeds and Bradford line as are opened to the public.

3rd.—Such an amount of Manchester and Leeds scrip to be issued to the Leeds and Bradford proprietors, as added to the £300,000 aforesaid, will make up 75 per cent. on £900,000; and such scrip to be converted into Manchester and Leeds fifths, after the passing of the Act of Amalgamation, and to be treated in all respects like the other Manchester and Leeds fifths.

4th —All further capital required, beyond that to be raised as aforesaid, to be raised by the Manchester and Leeds proprietors in common—the Leeds and Bradford proprietors being considered as such.

5th.—The Midland Company are to be allowed to work their through trains to Bradford, but not to make profit on the Leeds

and Bradford line, retaining only, for working expenses, the proportion fixed by the agreement, concluded at Halifax, between the Leeds and Bradford and the Manchester and Leeds Companies; the latter supplying all needful station accommodation at Bradford, free of charge. The Manchester and Leeds Company to facilitate the north and south traffic on the Midland, so far as can be done consistently with the public interest and convenience.

6th.—The station at Leeds to commence at the triangle, near the suspended bridge; to be a joint station for the joint use of the Manchester and Leeds, the Midlands, and the York and North Midland, the cost thereof to be paid by the three companies in equal proportions.

7th.—The portion of line between the point of junction with the Midland and the Leeds new station to belong to the three companies equally, but to be valued and paid for by the Midland and the York and North Midland, to the Manchester and Leeds at the same rate of payment as the Manchester and Leeds pay to the Leeds and Bradford for the Leeds and Bradford line.

8.—The Midland, the York and North Midland, the Leeds and Bradford, and the Manchester and Leeds Companies to co-operate in applications to Parliament to obtain an act of amalgamation, and generally in carrying out the scheme of railways in which the Manchester and Leeds Company are interested in the West Riding.

(SIGNED,) Henry Houldsworth, George Hudson,
Robert Gill, John Waddingham,
Edward Akroyd, William Firth.

Copy of the correspondence between MR. HOULDSWORTH, *and* MR. WADDINGHAM, *and* MR. HUDSON.

12, *Abingdon Street*, 17*th June*, 1846.

My dear Sir,

As you assured me yesterday, that your board will not concede the point in dispute, and as my colleagues are equally determined not to give way, there seems to be no alternative but to withdraw sooner or later the Manchester and Leeds and Leeds and Bradford amalgamation bill. I have thought it best to give Mr. Rawson

instructions to do this at once, in order to set you at liberty to make such station arrangements at Leeds as you may think needful. At the same time I beg to repeat our wish to accommodate the West Riding lines in our station.

In my opinion the words of the agreement will not bear such a meaning as you put on them, and therefore we are not only justified but compelled to take this step. I should however regret exceedingly, if by so doing, we should interrupt the good understanding which exists between the two Companies. I hope this will not happen—at all events, no efforts of mine will be wanting to avert it.

(Signed,) JOHN WADDINGHAM."

Henry Houldsworth, Esq.
Chairman of the Manchester, Leeds Co.,

55, *Parliament-street*, 18*th June*, 1846.

JOHN WADDINGHAM, ESQ.

Dear Sir,

I am just in receipt of your communication of yesterday. It has been laid before my colleagues and I express their sentiments as well as my own, in stating that they altogether differ with you in your opinion, that you are either compelled to or justified in withdrawing your amalgamation bill.

They consider that any difference of opinion as to the meaning of the agreement would be a proper subject of reference by which both parties might be bound. They are compelled to declare that a withdrawal of the bill without such reference must be looked upon only as a direct breach of faith—and under any circumstances they consider that an immediate conference should be held, and will hold themselves in readiness to meet you to day at your office or ours, at any hour you may appoint.

Waiting your Reply,

I am, Sir, your most obedient Servant.

(Signed,) HENRY HOULDSWORTH."

12, *Abingdon-street*, 19*th June*, 1846.

Dear Sir,

I have just received your letter of this morning, and have read it with feelings of astonishment. After telling me yesterday that to give way on the point in dispute would break up your board—after saying in the presence of several gentlemen in Mr. Darbishire's room, that if a sixpence would turn the scale it would not be given, after Mr. Gill had told me that the amalgamation was either "off or on" unless I submitted, &c. I could not for a moment expect to be charged with breach of faith for not proposing a reference. Had you proposed this at an earlier stage, instead of giving the decision of your Board so peremptorily we might perhaps have acceded to it, but now I must respectfully decline the proposal.

(Signed) JOHN WADDINGHAM."

HENRY HOULDSWORTH, ESQ.

55, *Parliament-street*, 18*th June*, 1846.

GEORGE HUDSON, ESQ.

My dear Sir,

I received this morning a letter from Mr. Waddingham, intimating that the Leeds and Bradford Company, of which you are chairman, were compelled to abandon the agreement of amalgamation.

I need not say this communication has been received with much surprise.

I beg to inclose a copy of my reply, and I am sure that under the agreement of October last between you and myself, you will feel disposed to prevent a result which must tend to complicate our relations, and throw difficulties in the way of that friendly co-operation which both parties by that agreement were bound to promote.

We have proposed a meeting, which we think ought to take place before any step is taken, and at the earliest possible period.

I am, dear Sir,

Yours very truly,

(Signed) H. HOULDSWORTH.

P.S.—Since the foregoing was written, a reply from Mr. Waddingham has been received; but I still think it right to forward this letter.

London, 25th June, 1846.

GEORGE HUDSON, ESQ.,

Dear Sir,

I wrote to you on the 18th instant, on the unaccountable repudiation of the agreement of amalgamation between the Leeds and Bradford and the Manchester and Leeds Companies by Mr. Waddingham, as representing the former Company; and, at the same time, I drew your attention to the agreement existing between the Manchester and Leeds, and the York and North Midland Company, by which you and myself are mutually bound to abstain from mutual hostility, and to cultivate, as far as can be done consistently with public convenience, a friendly understanding between our two Companies."

To that letter, having as yet not been favoured with a reply, I beg to call your attention.

I am, dear Sir,

Yours truly,

(Signed,) H. HOULDSWORTH."

55, *Parliament-street, 3rd July*, 1846.

GEORGE HUDSON, ESQ.

Dear Sir,

I wrote to you on the 18th instant and again on the 25th, on the subject of the repudiation by Mr. Waddingham, of the agreement of amalgamation between the Leeds and Bradford and the Manchester and Leeds Company, and referring to the position in which you are placed as chairman of the Leeds and Bradford, and other companies included in agreements with the Manchester and Leeds Company, to which you and myself are parties.

Being still without a reply to either letter, and having stated in conversation with you, the necessity of our communications being in writing, on a subject of so much importance, and involving a question of breach of faith, I have to request your early attention to the letters in question, at the same time referring to the short

conversation I had with you on the 25th ult. in the lobby of the committee-rooms, in which you stated, that to your knowledge no understanding present or prospective had been entered into, or was contemplated between the Leeds and Bradford and the Midland Company. I trust, you will enable me, by a confirmation of that statement in writing, to contradict authoritatively the very current statements to the contrary which are in circulation. Waiting your reply on both matters,

I am, dear Sir,

Yours very truly,

(Signed,) HENRY HOULDSWORTH."

York, 17th July, 1846.

"My Dear Sir,

I must again protest against your right to inquire as to what course the Midland Company think proper to pursue with reference to the Bradford and Leeds Railway. I still contend if the Directors of the Leeds and Bradford Railway choose to reject or withdraw their bill from the House, the Midland Proprietors are at liberty to take it if they think proper, and that nothing in the agreement prevents them from so doing. From the statement of Mr. Waddingham, I am satisfied that he was quite justified in the withdrawal of the Bill. I think the course you are pursuing with reference to extensions of your line, by unprofitable branches, is in itself a strong reason for the Shareholders of the Leeds and Bradford to decline entering into any closer connexion.

I am told by our Solicitors that, contrary to your agreement with me, you presented a Petition against the Axholme Line, which was virtually a Goole Extension.

I should be glad of some explanation in reference to this, before we proceed further with the Hull and Selby agreement.

I should have answered your letter sooner, but have been travelling about the country, and was anxious to look at the agreement between us, before I wrote to you.

I am, Dear Sir, your's very truly,

(Signed,) GEO. HUDSON."

London, 55, *Parliament-street*,
24th July, 1846.

George Hudson, Esq., M.P.

My dear Sir,

I duly received your letter of the 17th instant when in Manchester. Knowing nothing of the Axholme line or petition against it, I postponed my reply until I had an opportunity of enquiring into the facts here.

I find the petition in question was presented by Mr. Leeman on behalf of the Wakefield, Pontefract and Goole Co., who states, (what indeed is sufficiently obvious) that the Axholme line was one quite different from that contemplated by or inserted in our agreement, which was in fact a short branch to connect the York and North Midland with Goole—that, in the petition it was expressly stated *that the Wakefield Co. did not object* to so much of the line as lay to the north of their railway, and that they had no alternative but to petition against the rest of the line, inasmuch as *it was sought by the Bill* to take powers which might have had the *effect of rendering the construction and working of the Wakefield, Pontefract and Goole line impracticable* from an error in levels.

With respect to that part of your letter which referred to the agreement between the company over which you are chairman and the Manchester and Leeds Co., the object of my former letter was to ascertain from yourself whether there was any truth in what I then believed was an injurious rumour—that the North Midland Co. was about to lease the Leeds and Bradford line. The notices of meetings of these Companies which have since appeared in the newspaper, have put an end to all doubt, as to the course which they are about to pursue with your sanction, and as the fact is now admitted that notwithstanding your signature to the agreements of the 17th October and 20th November, the Companies are taking steps with your concurrence to complete a lease, it would be useless as well as unpleasant to pursue a correspondence on the subject further, or to make any of the comments which unavoidably suggest themselves upon such a course of proceeding.

I am, yours truly,

ed,) H. Houldsworth.

Copy of the Report of the Directors of the Leeds and Bradford Railway Company, at the Special Meeting of the Proprietors, 24th July, 1846.

YOUR directors have taken the earliest opportunity of calling you together, for the purpose of explaining the circumstances under which they have withdrawn the bill for incorporating the Leeds and Bradford Railway Company with the Manchester and Leeds Railway Company, and now recommend you to annul the agreement on which that bill was founded. The importance of the subject is a sufficient apology for anticipating the usual half-yearly meeting, which cannot legally be held until the month of August; besides which, your directors are naturally anxious for an opportunity to justify the course they have adopted, and to show that, whilst they have been careful of the interests of their proprietors, they have acted with good faith towards the Manchester and Leeds Company.

It is with regret they have found themselves compelled to break off the proposed alliance; they deferred that step to the latest moment; and, in stating such facts as are necessary to their own vindication, they will merely direct your attention to two points:—

1st., That the view taken by the Manchester and Leeds board of the terms of amalgamation is inconsistent with the original agreement; and,

2ndly., That, before withdrawing the bill, all proper means were employed by the Leeds and Bradford Railway Company to bring about an amicable arrangement of the dispute.

That you may be enabled to judge how far the first proposition is correct, viz., that the Manchester and Leeds board have sought to impose terms at variance with the agreement of 20th November, 1845, you are requested to compare that document, which is subjoined, with the clause No. 16, of the amalgamation bill, which forms the subject of dispute. This clause formed no part of the original bill, as drawn by counsel, but was added by the Manchester and Leeds Company, and objected to by the Leeds and Bradf Company.

One of the conditions of the agreement is, that you were to participate in "all further capital required;" but the clause in question effectually precludes you from such participation.

The Manchester Company say, "we bought you and all your projects, whether they died or lived, for stock to the amount of £900,000, *plus* £675,000, and you are entitled to nothing more." Your directors, on the contrary, claim to participate in all capital created after the date of the agreement, except a limited amount of *so-called* extension scrip, which was about to be issued to the Manchester and Leeds shareholders at that time. To this scrip your directors make no claim; and there is, therefore, no misunderstanding about it. But if, as the Manchester company contend, you are to be shut out, not merely from the extension scrip already issued, but from further issues on account of such of the enumerated schemes as may be sanctioned either *this year* or *in future years*,—not only from an interest in the projects of the Manchester and Leeds Company, but in the extensions of the Leeds and Bradford Company,—then, the provision for participating in "further capital" becomes a dead letter, and there is nothing to prevent the Manchester Company from diluting their stock, and lowering their dividend, by means of new issues to their own proprietors, to the extent of two millions, *at your expense*. Such a carrying out of the agreement would not be an amalgamation, but a purchase, with liberty to pay for it in a depreciated currency.

It seems to your directors that this is directly opposed to the plain meaning of the agreement, and therefore cannot have been the intention of the parties who signed it.

Your directors now proceed to establish their second proposition, by explaining the proposals they have made to the Manchester company, in order to accomplish an amicable arrangement.

The first proposal was for a *modification* of the clause.

On the assurance of Mr. Hawkshaw, the engineer, and Mr. Darbishire, the solicitor, of the Manchester and Leeds Company, that a great reduction would be made in the amounts put down for new capital in clause 16, and that their company would be involved in difficulties and disputes with other parties unless some such clause were inserted in the Leeds and Bradford Bill, an offer was [illegible]t of this company, to accept it on condition that

the £230,000 for Leeds and Bradford Extensions should be struck out and that you should participate in the remainder to the extent of £375,000. This offer which involved a considerable sacrifice on the part of the Leeds and Bradford Company, and was made for the sake of peace, was rejected.

Mr. Waddingham next proposed, that the settlement of this matter should be left to him and some one of the Manchester and Leeds Board as referees. Mr. Gill was named by Mr. Houldsworth, but this attempt at reference produced no result, except to show that the Manchester and Leeds Company relied on their *asserted intentions* in making the agreement, rather than on the agreement itself. Mr. Gill having shown a disposition to adopt Mr. Waddingham's views, the Manchester Board interfered, and a letter was written by their chairman, on the 1st May, repeating the previous refusal to make any alteration in the clause.

In consequence of this intimation, notice was given to Mr. Darbishire, that the whole clause (16) would be struck out of the bill about to be submitted to the special meeting of the Leeds and Bradford Company on the 11th May,—and that words would be inserted to entitle the Leeds and Bradford Shareholders to participate in all new issues of Manchester and Leeds Stock, subject to the provisions of any previous agreement between the two companies. The object was, to enable your directors by such an agreement, to restrain you from claiming any part of the Manchester and Leeds Extension Scrip already issued, but, at the same time, to secure you a share in the balance of new capital to be created. There is no doubt that even this mode of carrying out the arrangement would have been more favourable to the Manchester and Leeds Company than the words of the original memorandum, strictly interpreted, entitle them to.

Nothing further of importance took place till a short time before the sitting of the parliamentary committee, when the Manchester and Leeds Company applied for an agreement which should secure them a joint interest in the Leeds and Bradford station at Leeds, in the event of the amalgamation bill failing. This was declined, which appeared to cause great offence, and an intimation was given, that the Manchester and Leeds Company would join the promoters of the Leeds Central Station, which the Leeds and Bradford

pany was opposing. Mr. Waddingham again applied to Mr. Houldsworth on the subject of the unsettled clause, who replied that if he were to give way on that point, it would cause the breaking up of the Manchester and Leeds Board. This was on the 16th June. On the 17th and 18th the subjoined letters were written, which finally closed the negociation.

It will be observed that Mr. Houldsworth, in his letter of 18th June, after notice of the withdrawal of the bill, suggests a reference or a conference. This was on Thursday, the meeting of the committee being fixed for Monday. Five months had passed without any proposal whatever from the Manchester Company for the settlement of the dispute, and only two clear days remained. Your directors are of opinion that, under these circumstances, this proposition was properly declined. It came too late. A conference was useless, after the decided language of the Manchester and Leeds Board. The reference to Mr. Gill and Mr. Waddingham had led to no result. As to a strictly legal reference, that could not have answered the purpose of the Manchester Company, because the agreement does not contain a word about the matters in clause 16; and to have entered on a reference as to *unexpressed intentions* was out of the question. There remained, therefore, no alternative, but to go before the committee with a bill on which the parties were not agreed, or to abandon the amalgamation.

Your directors cannot better conclude this report than by adverting to the interest which the Midland Company has in the agreement of 20th November. It contains a number of stipulations for the protection of that company, which your directors made a *sine qua non* in their arrangement with the Manchester Company. Owing to the misunderstanding between the two principal parties, nothing had yet been done towards giving legal effect to these arrangements; and to have proceeded with the amalgamation bill, without some previous provision for that purpose, would have rendered the Midland Company dependent for access to the new station at Leeds, and for the right of running to Bradford, on the honour of the Manchester and Leeds Company.

The Clause (16) proposed by the Manchester and Leeds Company.

Enacts, That the Leeds and Bradford Proprietors shall not be entitled to participate in the capital to be raised for the following new schemes; viz:

The West Riding Union Railways	£600,000
The Oldham District Railways	350,000
The Sheffield, Rotherham, Barnsley, Wakefield, Wakefield, Huddersfield, and Goole Railway	400,000
The Liverpool, Preston, Manchester, and Southport Railway	400,000
The Lancashire and North Yorkshire Railway	200,000
The Leeds and York Railway	125,000
The projected Extension of the Huddersfield and Sheffield Railway	350,000
The proposed Extension of the Liverpool and Bury Railway	330,000
The proposed Extension of the Wakefield, Pontefract, and Goole Railway	145,000
The proposed Extensions of the Manchester and Bolton Railway	110,000
And the proposed Extensions of the Manchester and Leeds Railway and Stations	400,000
The proposed Extensions of the Leeds and Bradford Railway	230,000
	£3,644,000

LOVE AND BARTON, PRINTERS, MANCHESTER.